

**Kentucky Arts Council**  
**June 9, 2006**  
Radisson Hotel  
Lexington, Kentucky

**Members present:** Todd Lowe, Everett McCorvey, Stephanie Bateman, Wilma Brown, Nancy Cooper, Jean Dorton, Kelly Knight, Jo Marshall, Gail Russell, Ann Schell, Greg Shumate, Retha Tarter, Randall Vaughn, James Voyles

**Members absent:** Dean Jones, Phyllis Liebman

**Others Present:**

Staff: Lori Meadows, Dan Strauss, Bob Gates, Ed Lawrence, Melissa Nesselrode, Maraskeshia Smith

Commerce Cabinet Staff: Lindy Casebier, Executive Director of Arts and Cultural Heritage

Guests: Trish Salerno – Arts Kentucky; Cecelia Wooden- Arts Kentucky; Paul Fourshee – Janice Mason Art Museum; Herb E. Smith – Appalshop; Mary Hamilton – Story Teller and Betsy Fleisher – President, Kentucky Storytellers Association

**CALL TO ORDER AND WELCOME**

Chairman Lowe called the meeting to order and thanked everyone for attending. KAC board, staff and guests were reminded that they are all invited to attend “It’s a Grand Night for Singing!”

**QUORUM**

With fourteen of the sixteen members in attendance, the Chairman declared a quorum to be present.

**APPROVAL OF MINUTES**

*A motion was made by Jean Dorton and seconded by Randall Vaughn to approve the December 2, 2005 minutes. The motion was approved without objection.*

**COMMERCE CABINET REPORT**

Lindy Casebier stated there have been no new items to report since the last board meeting.

**CONSENT AGENDA**

Review of Abstentions: Chairman Lowe asked that board members review the Abstentions List and inform the staff of necessary additions and/or deletions.

Grants & Programs: The grants listed on the consent agenda were presented for approval:

- Individual Artist Professional Development Grants\*
- Teacher Initiated Program Grants\*
- ArtsStart! Grants\*
- Alternative Connections (YCIP) Grants\*
- School-Community-Arts-Parent-Partnership Grants\*
- Performing Arts on Tour Grants\*

- Folk Arts Apprenticeship Grants
- Folk Arts Project Grants
- Community Scholars Survey Grants
- Arts Build Communities Grants
- School-Community-Arts-Parent-Partnership Grants
- Individual Artist Professional Development Grants
- Product Development Grants
- General Operating Support I Grants
- General Operating Support II Grants
- Challenge Grants

Chairman Lowe explained that the first set of grants was presented in the last board meeting. The second set of grants was presented as new and each Program Director gave an overview of that program.

*Jean Dorton made a motion, seconded by Stephanie Bateman, to approve the Consent Agenda. The motion passed without objection.*

## **BUDGET OVERVIEW**

Lori Meadows reported that the KAC received flat funding in the state budget for FY07-08. The Arts Council did have \$133,000 removed from the budget at the end of FY06; however those funds were restored to the FY07 budget. These funds were reallocated, with the \$133,000 moved from Programs and Grants to Personnel and Operating. The final funding awarded for FY07 equaled the total amount of state funding originally awarded for FY06.

Lori asked the board to look at the statistics reflecting changes in the operating support categories. There was an 18% decrease in the number of applications received in the Challenge Grant program, with the number of applications dropping from 22 to 18. Some applicants moved from GOS I to GOS II because of a shift in the eligibility of the programs based on budget size. The eligible match amount for both Challenge grantees (eligible income) and GOS grantees (operating expenses) rose significantly.

Jean Dorton asked why there was such a spike in GOS operating expenses. Lori Meadows explained that operating expenses go up as programs and organizations grow. Staff anticipated the increase this year and expects additional increases as organizations grow and more organizations apply.

Lindy Casebier commented that prior to the FY08 session we need to educate our legislators. We do not need more Performing Arts Centers; we need money to operate the centers we have. New board members were asked to develop relationships with their legislators by keeping them informed about what is going on in the communities, but also informing them of all that the Arts Council is doing. If legislators put a face with programs they may not be as likely to cut funding to those programs. Funding levels must increase because we cannot continue to go down this same path.

Greg Shumate asked what the procedure is to determine the amount of funding that goes into each category. Lori Meadows explained that because the KAC has not had an increase in funding we have continued to allot the same amount overall to the operating grant categories. For other programs, the staff continuously assesses constituents' needs and the effectiveness of current programs, along with other necessary considerations. For example, we are required by the NEA to put a certain amount into Arts Education funding.

Chairman Lowe stated the board does not make decisions in the final budget process, and acknowledged that the board can reject the recommendation from the panels.

### **REPORT FROM OPERATING SUPPORT TASK FORCE**

Chairman Lowe opened the discussion of the Operating Support Task Force report, and then asked Randall Vaughn, Chairman of the Task Force, to lead the discussion. The members of the task force are Jo Marshall, Jean Dorton, Stephanie Bateman, Todd Lowe, Lori Meadows and Dan Strauss. Randall Vaughn stated the Challenge Grant Task Force was formed in response to some issues raised with operating support to arts organizations last year. One of the key issues was regarding the funding structure, and the task force has looked at the funding structure for Challenge, GOS I and GOS II Grants in an attempt to provide balanced funding and meet current and future funding needs of arts organizations. Currently, the problem remains with the number of applications increasing and funding staying flat, therefore we need additional dollars. This is the time we need to work with our representatives to convey that message.

The task force has analyzed data from other state arts agencies regarding how they set up their funding structures. This is helping inform possible strategies which might be used to meet the task force goals. The task force has decided to approach a revised funding structure which might base the funding formula on a percentage of an organization's operating revenue. The revenue could be based on a three-year average to offset possible fluctuations in capital funds from year to year. The group has looked at applying a percentage based on an organization's revenue: \$5 million and above – 1.5%, \$3 - \$5 million – 2%, etc. This would yield a reduction in funds to some groups and an increase to others; however, within a two to three year period the grant awards would level out. With the timing of the online grant system and with the need to incorporate the revised structure in the new system, the task force recommended holding focus groups for operating support grantees to discuss the proposed funding structure.

Lowe stated that the work of the task force is ongoing and there is no need for board approval at this time.

Randall thanked Lori for the information that was provided and welcomed any input from the board members.

### **BOARD APPROVAL PROCESS FOR GRANTS**

Chairman Lowe stated that at the last board meeting there were some timing issues with the payment of grants. Todd asked Lori to explain some of the changes that need to be made concerning grant processing. Lori explained there are a series of small programs that have a revolving or semi-annual deadline and the way the applications are currently presented to the board is not effective. The staff is implementing a set deadline that will move the application

dates forward up so that applications can come to the board for approval. This will allow for a more efficient approval and payment process.

### **KAC REGULATIONS**

Chairman Lowe reported that the Arts Council does not currently have state regulations, unlike most branches of state government. Lori has been working with Sarah Hall, Legal Counsel for the Commerce Cabinet to develop regulations for the operation of the Arts Council. The board is presently operating under the Carver Policy Governance process, and the development and implementation of regulations can align with those policies when possible. In the coming months the board will be receiving drafts of regulations that will need to be adopted for the operation of the agency. The Legislative Committee will serve as a filter between the Commerce Cabinet and recommendations from the board before the regulations are adopted. Lori stated that this will be a detailed and lengthy process. Regulations will be developed for every application program and each will incorporate the guidelines. The staff selected the Teacher Initiated Program as the first set of regulations for development. This program was chosen because of changes currently being made including: the school board will now make application on behalf of the school, with the board being the legal entity which agrees to the conditions of the grant; it will no longer be required that the match be sent to the agency; and the school will be responsible for paying the artist. Some of these changes were based on input from Commerce Cabinet legal counsel.

Chairman Lowe stated that the development of regulations will give oversight and control where it was not possible before. The positive result will be more involvement by the board, which will influence decisions that should be made by the governing body. This is a valuable opportunity for the board to not only help with the new regulatory environment, but also to better identify its role.

Greg Shumate stated that he thinks it is a good idea for Lori to be involved in the beginning so she can help craft the regulations.

Lori encouraged everyone to read the enabling legislation which was included with board materials. There will be some clean up of specific items that will need to be addressed in the next legislative session, such as the change in wording from Education, Arts and Humanities Cabinet to Commerce Cabinet. This is an opportunity to review areas where wording in the statute is vague, but can be more clearly stated with the adoption of regulations.

Chairman Lowe stated he would like the Legislative Committee to represent the board's interest in this process.

### **OPEN MEETINGS/OPEN RECORDS**

Lori Meadows stated that discussions with the Commerce Cabinet legal counsel have indicated that the agency needs to be in compliance with the open meetings/open records regulations. The Open Meetings/Open Records requirements pertain to all meetings involving more than one member of the Kentucky Arts Council board, including committee meetings. Sarah Hall will possibly provide training for the board at the September board meeting.

## **OPERATIONAL UPDATE**

Chairman Lowe requested that Lori Meadows give the Executive Director's Operational update. Ms. Meadows gave an update on the following items:

- KAC lost two positions during the last year which shifted work among the staff. Following the reductions in staff there was a decision to eliminate several programs. The agency has conducted an assessment of all programs. Two of the smaller arts education programs have been eliminated, and the staff feels that the Community Arts Development Program is no longer effectively meeting the needs of our constituents. The School-Community-Arts-Parent-Partnership Grant Program was reinstated last year; however, certain components of the program may be combined with the Arts Build Communities Program.
- The first cluster of the electronic-grants system is under development. This includes the Adjudicated Programs (Visual Arts at the Market, Craft Marketing Jury, Performing Arts Directory, Arts Education Roster and Fellowship Program. The first rollout for the applications is set for November, with a deadline of March 15<sup>th</sup>. Training will be offered to constituents.
- The KAC will receive funding through the Lincoln Bicentennial Commission to coordinate special projects as part of the state and national celebration activities.
- NEA American Masterpieces Projects are already underway for FY07. This special funding will likely remain part of the annual award to the council from the NEA. Though special funds are provided, it involves another category of mandated programming.
- The Transportation Cabinet Public Art Project is set to unveil in September, and updates will be provided regarding the installation of the two sculptures.

Jo Marshall stated that she appreciated the thoroughness of the Executive Director's report.

Chairman Lowe advised everyone to look at his or her schedules for upcoming board meetings. The next meeting will include discussion on the monitoring reports submitted between now and the next board meeting. He urged the board to take the time to think about some of the topics that were addressed today, and plan to have a philosophical discussion of some of the funding issues at the next meeting. He noted that members should be prepared to spend the time needed for discussion of this important topic.

## **ANNOUNCEMENTS**

Chairman Lowe opened the floor for announcements. Jo Marshall stated that the Cornelia-Dozier Cooper Endowment for the Arts is modeling a grant program after the guidelines used by the Kentucky Arts Council. The Endowment is offering \$1000 grants locally. These grants are by application and several applications have been received. The grants are structured to fund producing, performing or provision of a tangible result. At the annual meeting of the Endowment in the spring, those that have been awarded grants will make a presentation. This is the first time they have received this local support.

Randall Vaughn reported that the Governor's School for the Arts begins June 18<sup>th</sup> at Transylvania University. June 23<sup>rd</sup> is VIP day, and he invited board members to attend.

The Glema Mahr Center for the Performing Arts is addressing accessibility issues with support from the Kentucky Arts Council and Kentucky Center for the Arts. The Center was able to put into operation closed captioning and audio prescription, and twelve volunteers are trained to administer the programs. These programs will be presented during the Sound of Music scheduled for July 7<sup>th</sup> & 8<sup>th</sup>.

Lori Meadows reminded the board that chairs and co-chairs are need for upcoming panels.